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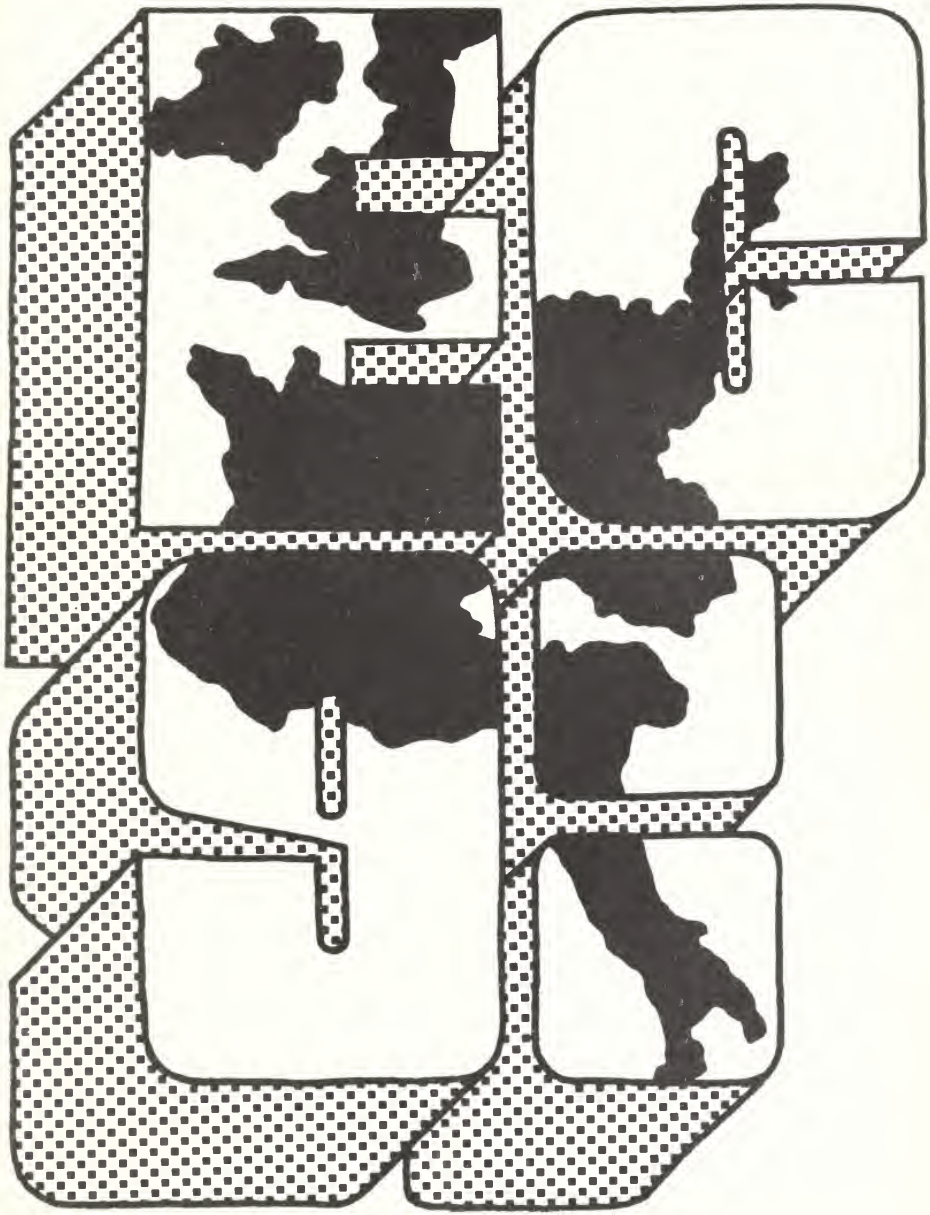


THE NEW EUROPEAN COMMUNITY: AT ODDS WITH U.S. FARM EXPORTS?

THE NEW EUROPEAN COMMUNITY: AT ODDS WITH U.S. FARM EXPORTS?

In January 1973, the European Community (EC) enlarges its membership from six to nine to become the world's largest trading bloc.

With the addition of Britain, Denmark, and Ireland, EC–9 will account for nearly two-fifths of the world's imports, more than twice the U.S. figure. And the nine countries take close to a third of U.S. agricultural exports.

Thus, the newly expanded community is of considerable significance to the U.S. farmer. First—and perhaps foremost—it will mean the extension of a basically protectionist agricultural policy to Britain, one of the largest food importing nations in the world: In fiscal 1972, Britain bought $430 million worth of farm products from the United States.

Farmers are concerned about the impact such an extension could have on U.S. exports. The question is especially relevant at a time when U.S. farm exports are skyrocketing: During the last fiscal year we exported a record $8.0 billion worth of agricultural products. Our $2.0 billion favorable balance in farm trade during fiscal 1972 was the highest in 5 years. Keeping that figure up is vitally important to the Nation's balance of payments.

Specialists at USDA have therefore been studying the matter in order to pinpoint problem areas and make way for possible solutions.

The new members, including Britain, will have until the end of 1977 to adjust to the EC's Common Agricultural Policy (CAP). Although development of the CAP and how it works has been explained often, it is not always fully understood.

High rigid prices in the Community stimulate uneconomic production and curtail demand. These prices are protected under the CAP by variable levies and other devices which deprive outside exporters—such as the United States—of the competitive advantage they might have, and thus reduce imports.

Products that cannot be disposed of through protected markets inside the EC become exports almost automatically through export subsidies. Outside countries, including the United States, thus lose export markets two ways.

This is not to suggest that all our trade will be adversely affected. But there is no question that certain commodities will be hit.

The impact on tobacco will be one of the most important. In fiscal 1972 the United States exported $130 million worth of tobacco to the new members ($100 million to Britain and $30 million to Denmark and Ireland).

Special EC arrangements exist with tobacco producers such as Greece, Turkey, Tanzania, Uganda, Malawi and Zambia. These countries are already important suppliers to the Community and the U.K., and they are expanding production.

Also, the "no additive" requirement of Britain, which has made it necessary to use high-quality American tobacco, is being lifted. This means British processors will be able to use the lower quality leaf available elsewhere. It also means that in the long run, U.S. tobacco sales to the new members will be less.

Wheat and feed grains will also be affected. U.S. feed grain sales to Britain

totaled $62 million in fiscal 1972, with wheat sales totaling $38 million (excluding transshipments). When the U.K. joins the Community, higher EC grain prices will be extended to Britain. This is likely to result in a substantial rise in grain production there.

With strong pressures for increased production in other EC countries as well, the likelihood is that U.S. grain sales to the EC–9 will decrease.

In the case of lard, a squeeze will be felt immediately.

Britain is the largest world importer of lard and accounts for the bulk of U.S. lard exports ($16 million worth went to Britain last fiscal year). The EC, on the other hand, has a high variable levy protection against imports of lard. Assuming that present EC protection is extended to Britain, it is likely that virtually all lard imports for food use from the United States will be eliminated.

Rice exports are apt to experience a pinch. Britain and the other new member countries now admit rice either duty free or at rates not exceeding 5 percent.

However, the EC system for rice includes high producer prices without production controls. The CAP provides for very high variable levies against rice imports, in addition to high export subsidies.

The cost of imported U.S. rice ($10 million worth went to Britain in fiscal 1972) is therefore expected to rise sharply in the U.K. and other new member countries.

The fresh and canned fruit market will also probably be hurt somewhat. The United States supplied Britain with about $13 million worth of fresh, dried and canned fruit, and fruit juice, in fiscal 1972. A combination of higher internal prices, steeper duties, and preferential arrangements will not favor these exports following enlargement.

While all this may sound bleak to the American farmer, it is by no means without bright spots. Soybeans, an increasingly important U.S. crop, will continue to enter the Community virtually duty free after enlargement. This means that the fiscal 1972 figure of close to $75 million in U.S. soybean exports to the new members is likely to increase.

Other products, such as pulses and hides and skins, should not be adversely affected, though they do not rank in importance with soybeans.

The enlarged EC promises to be a powerful force in the world economic community that can adversely affect the U.S. foreign trade picture.

In testimony before a U.S. House of Representatives subcommittee last year, a high USDA official conceded that "without reform of the CAP the outlook is not a happy one."

International trade experts at USDA are looking to continuing negotiations in order to deal with the new situation after expansion.

Among the top priority items in such negotiations are U.S. recommendations that present EC protective devices, such as variable levies and quotas, be replaced by fixed duties.

Whatever emerges from the negotiations, there is no question that the American farmer has a great stake in the outcome.

OUR DOLLAR DEVALUATION . . . ITS IMPACT ON TRADE

Going hand-in-hand with United States-Common Market trade negotiations are the monetary talks which led to U.S. dollar devaluation this year.

While the average American farmer may have no direct international financial dealings, U.S. farm exports are transacted in an environment strongly dependent on these monetary rearrangements.

For the United States, the most important effect of devaluation and the monetary realinement is to make it cheaper to export industrial and agricultural goods, and more expensive to import them.

This, in turn, is expected to help reverse the overall balance of payments deficit—which ran to $5.1 billion in fiscal 1972—and stimulate the domestic economy.

But the EC is compensating for lower U.S. export prices by raising its variable levies on agricultural commodities. In fact, the Community designed the variable levy system with possible dollar devaluation in mind.

Another likely effect of these changes is for the world to shift away from the dollar toward other currencies for international business transactions.

One example of this is the unit of account.

Until U.S. devaluation, the unit of account—an international monetary accounting basis—was linked to the dollar. But when the dollar was devalued, it parted company with the unit of account.

Such a shift takes into consideration changed expectations held by businessmen and farmers as to the role of the United States in the international economy. It also involves allowances for greater uncertainty on the part of exporters of all U.S. commodities—including farm products. As seen from abroad, the conditions of U.S. business and prices will seem more unstable.

Allowance for uncertainty is a business cost. This means that bank interest rates and financial charges for doing business and farming in the United States will tend to increase as compared with other countries.

And this in turn means that costs of production will rise in the United States relative to other countries, hampering the effort to increase U.S. exports and reduce imports from abroad.

THE $130 BILLION FOOD ASSEMBLY LINE

Every year about 1,500 pounds of food per person roll off the Nation's food assembly line, a line which runs back from the retailer through wholesalers, shippers, processors, farmers, all the people who ready food for us.

With production of goods and services totaling over $130 billion annually, this assembly line is the Nation's biggest business.

A new slide series developed by the Economic Research Service outlines the vastness and efficiency of the food pipeline and the 13 million people who work on it. The slides detail such things as how much land is used to produce crops and livestock, the value of these products, and how many people farm the land.

Discussed also is America's marketing system, delivering 1,500 pounds of food to each consumer during all seasons of the year.

This color slide series, which is also available as a 47-frame filmstrip, can be purchased from the Photography Division, Office of Information, USDA, Washington, D.C. 20250. The price is $13. The filmstrip may be purchased for $5.50 from Photo Lab, Inc., 3825 Georgia Avenue NW., Washington, D.C. 20011. A cassette with narration and music is available from either source for $3. Ask for C–187, "The $130 Billion Food Assembly Line."

TURKEY TREATISE

A recent survey by the Minnesota SRS office, cooperating with the Minnesota Turkey Growers Association, shows growers there are getting the better of some of the main causes of turkey deaths during the production stage.

Minnesota's importance in national turkey production—it's No. 1 in number of birds produced—makes it a natural index of what is, or could be, happening to production elsewhere.

The survey in Minnesota showed that turkey death losses from all causes claimed 1.6 million of the 20 million Minnesota birds started in 1971—a mortality rate of about 8 percent. In 1966 the rate was nearly 10 percent.

Deaths from disease dipped from 52 percent of the total number of losses of Minnesota poults and young turkeys in 1966 to 38 percent of the 1971 total.

High on the list of reasons back of the turkeys' improved health was the sharp dropoff in the rate of loss from blue comb disease. Mortality from this disease was down to less than 1 percent by 1971. In 1966 it accounted for close to 23 percent of all Minnesota turkey death losses.

On the other hand, management problems such as starveout, weather, smothering, leg and other miscellaneous problems accounted for 62 percent of the 1971 losses of poults and young turkeys, up from 48 percent in 1966.

SRS REPORT CHANGES

In a move aimed at better service, SRS is making some changes in the way it reports on fertilizer and field seed crops.

Last September SRS began issuing reports providing monthly and cumulative totals of fertilizer mixtures and materials bagged, in bulk, and liquid for a group of States. A breakdown of materials by nutrient content also is featured.

So far 14 States are included in the new combined report, which is derived from data submitted by State Fertilizer Control officials. SRS is encouraging more States to participate and to become part of the Uniform Fertilizer Reporting System.

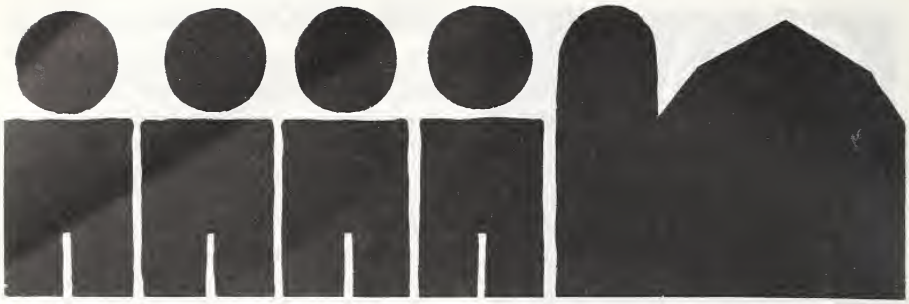
States now included in the monthly report are Alabama, Arkansas, Florida, Georgia, Louisiana, Maryland, Mississippi, Missouri, North Carolina, Ohio, Oklahoma, South Carolina, Texas, and Virginia.

Reports on field seed crops are also in for some changes. Starting with the 1972 crop, estimates of orchardgrass seed production in Oregon will be added to the Seed Crop Annual Summary.

And, in line with responses from seed producers and dealers, SRS will no longer make growing season production forecasts for Kentucky bluegrass, Merion Kentucky bluegrass, bentgrass, Chewings fescue, Ladino clover, red fescue, and hairy vetch. End-of-season estimates for these crops will continue to be issued as part of the Seed Crop Annual Summary.

SRS will also discontinue estimates of alfalfa seed, red clover, tall fescue, and lespedeza in States where combined production accounts for less than 2 percent of the U.S. total.

Estimates of sweet clover and white clover will be dropped entirely, while reports for timothy, crimson clover, and ryegrass will continue without change. The series is designed to upgrade the quality and the quantity of the data made available by SRS.



UNEMPLOYMENT AID: ANY BOON TO FARMERS?

Circle the right answer: The extension of unemployment protection to farmworkers would mean (higher costs, lower costs) for farm employers.

That was a trick question. You should have circled both answers to be absolutely correct, according to a study by the U.S. Department of Labor.

The study showed that if unemployment protection were extended to farmworkers, the tax may result in higher production costs in the short-run, which could encourage employers to use their workers more efficiently and so cut costs in the longrun.

At present the "covered" employer pays a net Federal tax of 0.5 percent ($21) of the first $4,200 of the wages paid to each worker.

The study also claims that with unemployment insurance coverage the farmer might be able to compete more effectively with other employers for more qualified employees.

Strict rules cover those now eligible for benefits. To receive compensation a worker must be unemployed through no fault of his own; he must have worked long enough in that year to be considered a substantial part of the labor force; and he must be willing and able to work.

In many States the worker must demonstrate his availability by actively seeking work. He is subject to disqualification if he refuses a job which the agency determines is suitable for him.

The same rules would probably hold true if the insurance is extended to farmworkers.

Farmworkers brought under any insurance program would probably be required to register with State or Federal agencies, a step that would increase the opportunity of matching workers and jobs.

One example is the Annual Worker Plan of the Department of Labor. It attempts to provide employers with a dependable seasonal labor force and to offer migratory workers as much employment as possible.

Another plan is "job banks," where the aim is to match jobs with workers. Many local offices of State employment security agencies have such banks. A computer listing of available jobs is provided daily within the geographic area covered by the program. A number of States have adopted this approach on a Statewide basis.

Farm employers, by having specific job vacancies placed on this listing, would have a more easily accessible supply of farmworkers who might qualify for the specific job vacancy.

Continuing mechanization and improved production techniques in agriculture dictate the need for an increasingly skilled farm work force.

With the extension of unemployment insurance, farmworkers would have greater accessibility to State and Federal programs designed to upgrade their skills. Farm employers, by identifying their needed manpower skills, may have training programs established.

Graduates of these programs would not only meet the growing need for a more highly skilled farm labor force, but would also assure that they are placed in more stable employment.

FARM INCOME: A SUPER-DUPER YEAR

Farmers' net income during 1972 will probably be higher than any other year on record. Net farm income may total $18½ billion, as compared with 1971's $16.1 billion. It breaks the 1947 mark, $17.1 billion.

Eldon E. Weeks and Mardy Myers, who analyze farm income for USDA's Economic Research Service, recently reviewed for the Agricultural Situation some of the factors which have led to the new net income level.

Livestock Prices

Farmers probably will take in about $34.5 billion in cash receipts for livestock and products during 1972, compared with 1971's $30.5 billion. This is 14 percent more than last year with little change in total farm marketings.

Cattle prices declined from midsummer peaks during September, but choice feeder steers (600 to 700 pounds) were bringing almost 25 percent more per 100 pounds (at Kansas City) than in September 1971.

Second half 1972 hog prices will average ahead of 1971. During the first half, a 6-percent drop in pork production boosted prices of barrows and gilts at seven markets 40 percent over a year earlier.

Milk prices ran a bit ahead of 1971, despite higher production. The brightest spot for dairymen was cheese. Through July sales were up 11 percent over a year earlier.

Strong Demand

High red meat prices did not seem to slow consumers' purchases during 1972. Although some protein substitutes—especially eggs and chicken—were available at lower prices, beef sales indicate a per capita consumption level 2 percent greater than in 1971, or about 115 pounds for each of us.

Demand stayed strong because average personal incomes remained high despite sticky unemployment.

As for next year, the two economists expect demand to remain strong or even strengthen in light of a 20-percent rise in social security checks October 1, 1972; larger-than-usual tax refunds in early 1973; renegotiation of important labor contracts slated for early 1973; and the probability of more jobs in 1973.

Record Exports

Agricultural exports were record high even before the U.S.S.R. bought grain and soybeans.

The United States had ample stocks to meet foreign demand. Canada had worked its wheat stocks down somewhat. Argentina, Australia, and the U.S.S.R. all had a bad year in 1972. This rebounded back to U.S. farmers in the form of higher prices.

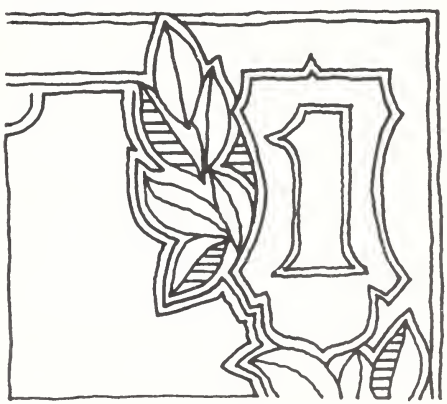
Due to exports the crop price situation should stay strong at least through the first half of 1973. Agricultural exports are expected to total $10 billion for the fiscal year ending June 30, 1973.

Exports have caused contraseasonal movements for grain prices. Normally with a 5.3-billion bushel corn crop and nearly a 1.6-billion bushel wheat crop coming in and large carryover supplies prices would slacken, but they're not. Wheat prices averaged $1.32 per bushel in mid-July and $1.73 in September.

Bigger Government Payments

Direct Government payments to farmers will be around $4.1 billion, about $1 billion above 1971. Feed grain payments will increase about $850 million and wheat payments about $125 million.

Nonmoney income, such as food and housing farmers provide for themselves,



will total around $4 billion, unchanged from 1971.

Expenses

On the other side of the ledger, farm expenses will probably rise from $44.0 billion in 1971 to an estimated $46.8 billion in 1972. Manufactured item expenses jumped during the year but price guidelines helped to keep some of them in line.

Some trends in input prices are evident at this point for 1973's first half.

Feed grain prices—one of farmers' biggest expenses—edged higher than a year earlier in September. With prices paid for the new crop expected to be higher than 1971, purchased feed inputs will stay above year-earlier levels, at least during 1973's first half.

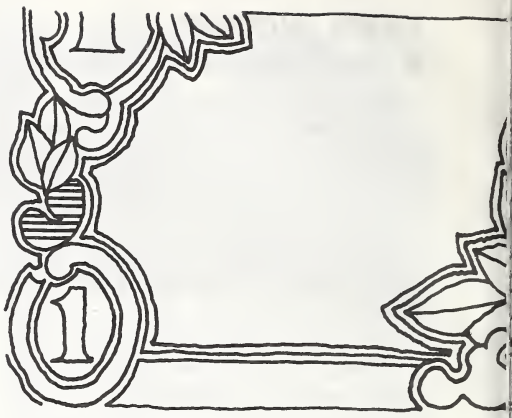
Furthermore, wholesale soybean meal prices were averaging $33 more per ton during September compared with a year earlier. Prices are expected to stay firm or even strengthen.

Also, with a business upswing well underway, interest and wage rates will probably rise. Wage rates now stand 5 to 6 percent above a year ago and job chances off the farm will probably improve, tightening the farm labor market next year.

WIN, PLACE, & SHOW

Which State sells the most farm products? Honors go to California, with cash receipts from farm marketings of $4.9 billion in 1971. Iowa and Texas were the runners-up with $4.0 and $3.3 billion, respectively. The U.S. total for the year was $53.1 billion.

The same States, not surprisingly, had the biggest production expenses. California farmers ran up bills totaling $4.0 billion during 1971, while Iowa's production expenses came to $3.4 billion and Texas' totaled approximately $2.9 billion.



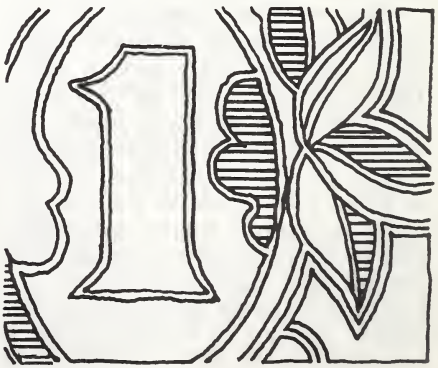
FARM INCOME

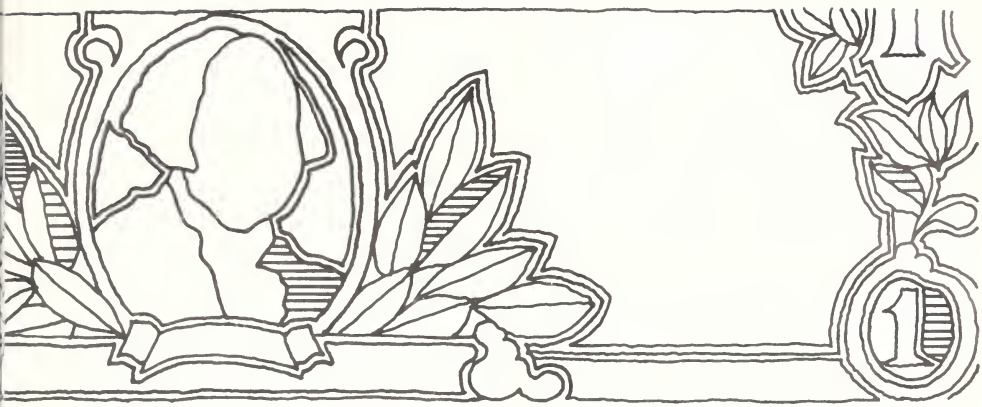
USDA publishes regularly a comprehensive set of income statistics relating to agriculture which have been developed over more than a third of a century. Basically the income estimates center around two major concepts of farm income.

One views agriculture as a business or industry, measuring gross farm income, farm production expenses, and finally the net return to farm operators for their farm work (including that of their families) and for the capital invested in their farms and equipment. The most commonly used measure of the net return from agriculture is the realized net income of farm operators from farming.

The other major concept relates to the people who live on farms and the incomes they have available for purchasing goods and services. This concept includes the income to people living on farms, such as farm laborers and their families, who are not in farm operator households. It also includes income that farm people receive from nonfarm sources. The estimate appropriate to this concept is the personal income of the farm population from all sources.

The tables illustrate the principle concepts involved in both of these farm income estimates and show how they are measured.





Income from Farming — 1971

	Billion dollars
Cash receipts from farm marketings — gross receipts from commercial market sales plus net loans made or guaranteed by CCC.	53.1
Government payments to farmers — payments made directly to farmers in connection with farm programs such as the Feed Grain, Wheat, and Cotton Programs.	+ 3.1
Realized nonmoney income — value of farm products consumed directly in farm households and value of housing provided by farm dwellings.	+ 3.9
Realized gross farm income	60.1
Farm production expenses — includes current farm operating expenses for such items as wages paid to farm labor, and outlays for repairs of equipment and operation of the farm, as well as purchases of feed, seed, and livestock. Overhead costs include charges for depreciation and other capital consumption, taxes on farm property, and interest on the farm mortgage dept.	-44.0
Farm operators' realized net income.	16.1
Net change in farm inventories — a dollar measure of the change in physical quantities of livestock and crops on farms, valued at average prices during the year.	+ 1.3
Farm operators' total net income.	17.4

Personal Income of Farm Population — 1971

	Billion dollars
Personal income from farm sources — the total net income of farm operators, including government payments, plus wages and salaries and other labor income of farm resident workers, minus the net income of nonresident farm operators and the contributions of farm resident operators and workers to social insurance.	15.6
Income from nonfarm sources — receipts from nonfarm wages and salaries, business and professional income, interest, and transfer payments such as unemployment compensation, social security, and veterans benefits. Also includes rental income from nonfarm sources and an estimate of income from items such as dividends and royalties.	+13.9
Total, all sources	29.5

SPOTLIGHT ON DELAWARE

"If you think of the east coast as one big city, a visit to Delaware would completely change your mind," says Byron R. Bookhout, statistician in charge of crop and livestock reporting in the Nation's first State.

"In fact," continues Bookhout, "around half Delaware's land is in farms. That, added to marshes, woods, forests, and sandy beaches, gives most of the State a definite rural character."

For such a small State—Delaware's three counties outsize only Rhode Island—it makes quite a mark in the broiler business. Last year Delaware ranked No. 8 in national production, turning out almost 126 million birds.

In 1971 broilers brought farmers $72 million in cash receipts, about half of Delaware's $143 million in receipts from farming. That comes out to over 490 million pounds of birds at 14.7 cents per pound, live weight.

"I should mention that the State that started the Nation also started the broiler industry," notes Bookhout. "The credit goes to Mrs. Wilmer Steele of Ocean View, Del."

In 1923 Mrs. Steele sold her whole flock of 387 young chickens, instead of using them to replace her laying hens. They averaged over 2 pounds apiece and sold for 62 cents a pound. So profitable was this sale that Mrs. Steele started 1,000 chickens in 1924, and in 1925 Mr. Steele quit his job as a coast guardsman to pitch in and raise 10,000 birds.

"Of course news of the Steeles' profits spread and in 1925 an estimated 50,000 birds were raised in southern Delaware," narrates Bookhout. "Within the next few years many egg farmers switched over to broilers."

Sussex County, where the broiler industry started, still has most of the State's birds. According to the 1969 agricultural census it had 97 percent of the broilers in the State.

Mrs. Steele's coop where she raised the first flock has been restored and moved to the University of Delaware agricultural substation at Georgetown. The 16- by 16-foot red and white clapboard chickenhouse is a far cry from today's modern, sometimes completely mechanized structures.

"The comparison brings home how much the industry has grown since 1923—from a sale of around $480 to an operation that grossed U.S. farmers nearly $1½ billion in cash receipts last year," says Bookhout.

Also in the poultry line, eggs were the State's No. 5 earner of cash receipts last year, bringing the State's farmers $6 million.

Delaware's milk production brought farmers $9 million last year, making it the State's No. 4 agricultural enterprise. All told, livestock and products brought in $92 million during 1971.

"Now for the crops," continues Bookhout. "Delaware is the flattest State in the Nation. Its highest hill stands less than 450 feet above sea level and it has the lowest mean elevation of all 50 States. And flatland makes good cropland."

Last year, out of Delaware's 690,000 acres of land in farms, over 400,000 acres grew crops that were harvested. That's roughly 3 out of every 5 acres, compared with the national ratio of 1 out of 4.

"Naturally, Delaware's two top crops, corn and soybeans, are used to provide feed for broilers. In fact, over the past 20 years corn for grain production has doubled, chiefly in response to an expanding demand for broiler feed," says Bookhout.

Last year Delaware farmers harvested 200,000 acres of corn, which brought them about a tenth of total cash receipts. In 1971 farmers harvested 10.8 million bushels at 54 bushels an acre.

"Corn yields last year were far below Delaware's usual level," affirms Bookhout. "In 1969 yields were 78 bushels an acre; in 1970, 74."

"Last year it was very dry till July 20, then corn blight spread rapidly during a very wet August. Since the corn was weak from drought to begin with, the blight in Delaware was much more severe than in 1970."

Soybeans rank as Delaware's second most important crop and, after broilers and corn, its third most important farm product. Soybean acreages tripled during the 1950's and the export market was important at first. Now the beans are mostly crushed locally for feed.

Last year Delaware farmers harvested around 4.3 million bushels from 152,000 acres, with yields of 28 bushels per acre.

Potatoes, vegetables, and melons also are big farm earners—although many of their acres are being displaced by soybeans. Last year such truck crops brought in $12.8 million, around 9 percent of Delaware's farm income.

"While Delaware's crops cannot compare with some in larger States—nationally it ranks No. 23 for soybeans and No. 24 for corn—still for a State that's only 35 by 95 miles, Delawareans do some impressive farming," concludes Bookhout.

History in the making: Mrs. Wilmer Steele and two of her children survey her broiler business during the 1920's, whose great success kicked off a $1½ billion U.S. industry. Modern chicken motels like the one below now dot the countryside of Delaware and neighboring States.

outlook

Digested from outlook reports of the Economic Research Service.
Forecasts based on information available through November 1, 1972

CATTLE SLAUGHTER during first half 1972 rose 1% over a year earlier but heavier weights and a little higher dressed yield boosted total beef output 2%. Fed cattle output, up 5%, accounted for all the increase. Cow slaughter fell 4%, while nonfed steer and heifer slaughter was down by about a third.

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CATTLE FEEDERS plan to market 7% more cattle this fall and will probably keep marketings large during the first half of the new year, too. On October 1 there were 10% more cattle on feed than a year earlier. Also operators had large numbers of medium weight cattle on feed that will be sold in the winter. Moderately bigger marketings next spring will likely stem from a larger feeder supply, expanded feedlot capacity, and large cattle placements this fall.

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COW SLAUGHTER hit a record low proportion of total cattle slaughter for the first 9 months of 1972—17% of all cattle slaughtered in federally inspected plants, compared with the average 20%. Despite high cow prices, excellent feeder cattle prices encouraged stockmen to hold back cows in an effort to increase their 1973 calf crop.

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HOGAROUND . . . Farmers in 10 Corn Belt States are having 1% more sows farrow during June–November 1972 than a year earlier and expect to have 7% more sows farrow during December–February. This reverses the downtrend in production that began in early 1971 and expanded pork supplies are expected by next spring.

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PIG PRICES . . . At seven major markets barrows and gilts ran $29 per 100 pounds in early October, up $9 from a year earlier. And while some price weakness is developing as slaughter reaches a seasonal high this fall, prices should run substantially ahead of 1971's October–December average of $20. During 1973's first half

hog prices should pretty much match this year's January–June average of $25 as strong consumer demand for meat absorbs production increases.

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EGG EXPECTATIONS TOPPED . . . This year's healthier hens are laying more eggs than in 1971 due to the dramatic effects of Marek's disease vaccine. So, despite an estimated 5% drop in layer numbers by yearend, egg production for 1972 will likely stand very close to 1971's 71.6 billion eggs. On September 1 the Nation's layers numbered 309 million, 4% below a year earlier, but the rate of lay was up 2% and it continues to set new records despite an aging flock.

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IN EVERY POT . . . The number of broilers raised in 1972 will probably exceed last year's total of 2.9 billion by around 6%. Output, however, will exceed last year's 7.8 billion pounds by more than 6% because average broiler weights increased and condemnations were sharply lower.

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HOLIDAY BIRDS . . . A record 128 million turkeys are headed for holiday dinner tables, 7% more than last year and 1% more than the previous high of 1967. Output of turkey meat for the heavy September–December marketing season, which usually accounts for half the annual volume, will continue moderately above last year's total.

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MORE MILK AND BETTER PRICES mean dairy cash receipts for the year will probably hit $7.1 billion, up about 4½% from 1971. Milk production, up 1½% during January–August on a daily average basis, looks likely to hit 120½ billion pounds for 1972. That's up from 1971's 118½ billion pounds. Prices, too, have been up—2½% through August over a year earlier. Averaging $5.90 per 100 pounds through August, they may run about $6.05 for the entire year.

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MILK CONSUMPTION, per capita, may increase this year, the first break in a long downtrend that has lasted since the mid-1950's. Last year's figure was 558 pounds per person. Steadying factors include higher meat prices, aggressive dairy promotion, and relatively small increases for retail dairy products. Through August large sales gains were reported for cheese, and fluid skim and low fat milks. Butter, frozen dessert, and cream sales gained moderately. In August retail dairy prices were less than 1% above a year earlier. However, larger increases may occur in the fourth quarter.

FEED . . . The feed grain supply for 1972/73 totals about 242 million tons, slightly above last year's record volume. Anticipated disappearance of around 4% over 1971/72 will exceed this year's crop of 193 million tons, resulting in a carryover decline next September. While supplies are ample, feed grain prices for the coming season will average stronger than in 1971/72.

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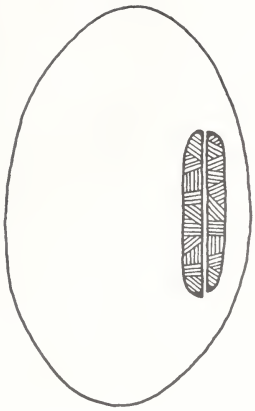
HERE AND THERE . . . Domestic feed grain use is projected to rise about 3% above 1971/72's 164 million tons due to more grain consuming animals (particularly cattle), continued heavy feeding rates, and a decline in wheat feeding. Exports are projected to increase 5 to 10% over the 27 million tons shipped abroad in 1971/72. Export totals hinge upon large sales to the U.S.S.R., Japan, and Europe, and also upon the size of spring feed crops in Argentina and Australia.

STATISTICAL BAROMETER

Item	1970	1971	1972—latest available data	
Farm output, total (1967=100)	102	111	112	October
Crops (1967=100)	100	112	112	October
Livestock (1967=100)	105	108	109	October
Prices received by farmers (1967=100)	110	113	129	October
Prices paid, interest, taxes, wage rates (1967=100)	114	120	129	October
Ratio [1] (1967=100)	96	94	100	October
Consumer price index:				
All items (1967=100)	116	121	126	September
Food (1967=100)	115	118	125	September
Disposable personal income ($ bil.)	689.5	744.4	798.7	([3])
Expenditures for food ($ bil.)	114.2	117.3	125.0	([3])
Share of income spent for food (percent).	16.6	15.8	15.7	([3])
Farm food market basket: [2]				
Retail cost ($)	1,223	1,244	1,320	September
Farm value ($)	476	477	539	September
Farmer's share of retail cost (percent)	39	38	41	September
Agricultural exports ($ bil.)	7.2	7.7	.7	September
Agricultural imports ($ bil.)	5.7	5.8	.5	September
Realized gross farm income ($ bil.)	57.9	60.1	66.1	([3])
Production expenses ($ bil.)	41.1	44.0	47.3	([3])
Realized net farm income ($ bil.)	16.8	16.1	18.8	([3])

[1] Ratio of index of prices received by farmers to index of prices paid, interest, taxes and farm wage rates.
[2] Average quantities per family and single person households bought by wage and clerical workers, 1960–61, based on Bureau of Labor Statistics figures.
[3] Annual rate, seasonally adjusted, third quarter.



SAVE THOSE SOYBEANS

Soybean production could have averaged 10 percent more in 1971; unfortunately harvesting losses slashed yields 3 bushels per acre. And worst of all, harvesting losses are an annual occurence.

Losses don't have to be so great. USDA found that improved soybean harvest management could help growers retain at least 2 out of every 3 bushels lost at harvesttime.

At September 1972 prices this could mean a savings of around $6.50 per acre.

USDA has endorsed seven steps to a more profitable soybean harvest.

1. Start to harvest when moisture in the pods reaches 13 percent. Shatter losses increase when moisture levels drop below 11½ percent. Take field samples to a local elevator for a moisture test.

2. Drive the harvesting combine at speeds of 2½ to 4 miles per hour. In that range the cutting bar can ride down for maximum cut. To check your speed: Divide the number of feet your combine covers in 20 seconds by 30. That'll give you miles per hour.

3. Check the number of pods on the ground before harvest so the combine doesn't get blamed for preharvest losses. Four beans lost per square foot equal a bushel lost per acre.

4. Match ground speed to reel speed. Best reel speed is 1½ times the combine speed. The low reel speed reduces shattering and reduces the number of pods that pop out of the combine after cutting. A good guideline: Maintain 12 revolutions per minute for every mile per hour of ground speed.

5. Cut as close to the ground as you can to get all pods. Tests in Illinois showed a 10-percent reduction in harvest loss when soybeans were cut at 2½ inches.

6. Measure losses at several points—cutting, gathering, threshing. This will pinpoint losses and let you readjust your equipment to best conditions. A quick check of the combine operator's manual helps.

7. Adjust the combine to changing conditions. Dew and dampness, for example, must be compensated for. Cylinder speed should be increased to 500 r.p.m.'s or faster for tough pods. As the fall sunshine drys the plants, slow the cylinder. The blower should also be adjusted to prevent beans from being lost.

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